

CONFIDENTIAL

20 MAY 1974

MEMORANDUM FOR: Comptroller
Director of Finance

SUBJECT : Review of the Property Procurement Allotment
(PPA) and Property Requisitioning Authority
(PRA) System and Alternative Systems

1. During the past few months, we have been engaged in an indepth study of the PPA/PRA system for the purposes of ascertaining its current effectiveness and assessing the merits of alternative systems. The study effort was generated by recognition of the many program, philosophical, and physical changes which are occurring in the Agency. Moreover, we saw a need for examining our traditional methods of mangement to confirm their continued relevancy and manpower commitment, or to recommend changes.

2. The results of the Office of Logistics (OL) study are detailed in the attached "Review of the PPA/PRA System and Alternative Systems." The review, prefaced by a summary of the principles, history, procedures and effectiveness of the system, considers four optional systems for the budgeting and funding of centrally procured and controlled materiel inventories. These are:

- a. Current PPA/PRA
- b. Modified PPA/PRA
- c. Direct Funding
- d. Revolving Fund

3. We rejected the Revolving Fund system (paragraph 2d above) because of its impracticality for the Agency; and we are reserving, for a future date, any recommendation for selection among the other three options. Our review has assured us that selection of any one of these systems could be feasible insofar as OL is concerned. However, the review also has sharpened our appreciation of the extent to which the PPA/PRA system

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System and Alternative Systems

impacts on all components of the Agency in the budgeting, funding, requisitioning, procuring, distributing, accounting, using, and disposing of Agency supplies, materials and equipment. Therefore, selection of the option best suited to current conditions and needs of the Agency can be made only after each of the components concerned has been given an opportunity to gauge the impact of each option on its activities and to make appropriate recommendations.

4. As a first step, we are suggesting that, after your review of the OL study, we convene a working group of O/Compt, O/FIN, and OL representatives for further examination of the subject. Subsequent discussions with other concerned components should be carried on for the purpose of recommending the continued use of the current PPA/PRA system, or for selecting an alternative system. We will be in touch.

/s/ Francis J. Van Damm
Francis J. Van Damm
Director of Logistics

Att

cc: ADD/M&S, w/att

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